



United States Department of the Interior

NATIONAL PARK SERVICE
1849 C Street, N.W.
Washington, D.C. 20240



September 11, 2012

Re: **Building 489, Philadelphia Navy Yard, Constitution Avenue & South 12th Streets,
Philadelphia, Pennsylvania**
Project Number: **25319**

Dear

I have concluded my review of your appeal of the decision of Technical Preservation Services (TPS), National Park Service, denying certification of the rehabilitation of the property cited above. The appeal was initiated and conducted in accordance with Department of the Interior regulations (36 CFR Part 67) governing certifications for Federal income tax incentives for historic preservation as specified in the Internal Revenue Code. I thank you, for meeting with me in Washington on July 31, 2012, and for providing a detailed account of the project.

After careful review of the complete record for this project, including the information received with your letter of August 22, 2012, I have determined that the rehabilitation of Building 489 is not consistent with the historic character of the property and the historic district in which it is located, and that the project does not meet Standards 1 and 2 of the Secretary of the Interior's Standards for Rehabilitation (the Standards). Therefore, the denial issued on June 25, 2012, by TPS is hereby affirmed.

Built in 1926, with multiple additions dating from the mid- to late-twentieth century, Building 489 is located in the Philadelphia Naval Shipyard Historic District, and was certified as contributing to the significance of the district on November 22, 2010. According to the Historic Preservation Certification Application – Part 1, Evaluation of Significance, Building 489 served as the “Welfare Building” for the shipyard, and “originally contained recreational space including a gymnasium, billiard room, bowling alley and an auditorium.” The proposed rehabilitation of this “certified historic structure” was found not to meet the Standards owing to substantial changes planned for the auditorium. In its decision, TPS also cited two issues it could not fully evaluate due to the lack of information: replacement windows and mechanical units.

The rehabilitation calls for the insertion of numerous surgical rooms and ancillary spaces throughout the auditorium. To provide a sterile environment, these spaces must be covered with a ceiling, which will

obscure the overall volume of the space entirely from view. Additionally, the south wall of the auditorium will be removed up to the start of the second story in order to expand the surgical suites into an adjoining space.

I have determined that the auditorium is the primary character-defining space in the building. Its subdivision in the manner contemplated here will significantly impair the integrity of the space and the contribution it makes to the character of the building as a whole. I have considered the rendering submitted with your letter of August 22, 2012, of a revised treatment of the upper half of the auditorium. Although reinstalling the theatrical masks flanking the proscenium (albeit at a higher elevation), and supporting the new ceiling over the surgical center from below, are improvements, neither change addresses the fundamental change in character caused by horizontally dividing the auditorium into two separate spaces. The upper half of the auditorium will be unusable—having no floor—and lost to view except through windows in a wall constructed across the front of the former balcony. And, there will be no evidence in the surgical center that it occupies a former auditorium. As a result, I find that the changes to the auditorium cause the rehabilitation to contravene Standard 2. Standard 2 states: *“The historic character of a property shall be retained and preserved. The removal of historic materials or alteration of features and spaces that characterize a property shall be avoided.”*

As stated during our meeting, the changes to the auditorium (principally the new, lowered ceiling) that are so detrimental to its historic character are occasioned by the conversion of the building to a medical facility and the inflexible requirements of that new use. Consequently, I find that the proposed rehabilitation contravenes Standard 1 as well as Standard 2. Standard 1 states, *“A property shall be used for its historic purpose or be placed in a new use that requires minimal change to the defining characteristics of the building and its site and environment.”*

I also note the assertion in your August 22, 2012, letter, that the new ceiling over the surgical center “will be removable so that in the future the entire theatre space may be returned to its original condition.” This statement alludes to Standard 10, which states, *“New additions and adjacent or related new construction shall be undertaken in such a manner that if removed in the future, the essential form and integrity of the historic property and its environment would be unimpaired.”* Although I acknowledge that it could be possible to restore the essential form of the auditorium, its integrity will already be impaired by the demolition of historic features, including the entire stage, partitions under the balcony, and the lower half of the south bearing wall, required for the construction of the surgical center. Moreover, I find that the conflicts with Standards 1 and 2, described above, far outweigh the theoretical potential of restoring of the auditorium to its original condition at some future date.

Several positive aspects of the rehabilitation discussed during our meeting bear noting here. These include efforts to preserve the space that served historically as a library, as well as the removal of partitions previously introduced into the former gymnasium, and your willingness to keep that space unencumbered in the future. I note that in this regard, the previous decision erred in stating that the auditorium was the “only remaining historic, interior space.” I further note that these two modifications to the original project proposal were illustrated in renderings submitted with your August 22, 2012, letter. However, these positive aspects of the rehabilitation do not compensate for the loss of the historic auditorium as a coherent space, so important to the makeup of the Building 489 and its historic function.

With regard to the two other issues cited by TPS as lacking adequate information, they have not played a role in my decision. With regard to the new mechanical units, you explained at our meeting that they will be installed at the rear of the building on the foundation pad of a demolished but non-historic addition. They will not be visible from the public approaches to the building, nor will they impact the utilitarian character of that side of the property. As for the replacement windows, you have stated in your August 22, 2012, letter that, “we are installing all new wood windows and doors on the front of the building.” If

the mechanical units are installed as described, and if the replacement windows and doors comply with the Standards, then I have determined that these two treatments would be acceptable.

As Department of the Interior regulations state, my decision is the final administrative decision with respect to the June 25, 2012, denial that TPS issued regarding rehabilitation certification. A copy of this decision will be provided to the Internal Revenue Service. Questions concerning specific tax consequences of this decision or interpretations of the Internal Revenue Code should be addressed to the appropriate office of the Internal Revenue Service.

Sincerely,

A handwritten signature in black ink, appearing to read "John A. Burns". The signature is fluid and cursive, with a long horizontal stroke at the end.

John A. Burns, FAIA
Chief Appeals Officer
Cultural Resources

cc: SHPO-PA
IRS